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Proposed programme budget for the biennium 2002-2003

Revised estimates: effect of changes in rates of exchange and inflation

Fifth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2002-2003

1. The Advisory Committee has considered the report of the Secretary-General (A/56/659) containing revised estimates resulting from the effect of changes in rates of exchange and inflation. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The impact of the proposed recosting on the proposed programme budget for 2002-2003 is an increase of $35,270,900 under the expenditure sections, from $2,648,715,600 to $2,681,022,900, and a net increase of $8,173,200 under the income sections, from $400,166,100 to $408,339,300. The revised requirements under the expenditure sections of $2,681,022,900 reflects a combined effect of reduced requirements of $2,963,600 due to adjustments to the initial proposed programme budget recommended by the Advisory Committee and additional requirements resulting from revised exchange rate assumptions ($8,420,600), revised inflation assumptions ($26,337,000) and adjustment of salary standards ($513,300).

3. The Advisory Committee points out that the adjustments to the proposed programme budget resulting from its recommendations have yet to be acted upon by the General Assembly.

4. In paragraphs 5 to 9 of the report (A/56/659) details are provided on the methodology used in the recosting of exchange rate fluctuations, inflation and adjustments to salary standards. As indicated in paragraph 5 of the report, consistent with the views of the Advisory Committee, the recosting exercise reflects such operational rates of exchange that would allow for the lower estimates.

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5. The Advisory Committee has found no technical basis for objecting to the Secretary-General's revised estimates arising from the recosting of the effects of changes in rates of exchange and inflation and accordingly transmits them to the Fifth Committee for consideration.